

25X1

2 April 1953

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: NIE-59: Probable Effects of a Severance of East-West Trade

1. This estimate has been more than a year and a half in the making; it has taken almost three months to reach substantial agreement on the text here presented.

2. The estimate is primarily an economic study; it omits consideration of political questions, and partly for this reason it could not reach definite conclusions about the strategic consequences of severing East-West trade. For satisfactory economic analysis of the subject, complete cessation of East-West trade had to be assumed. Such a situation was agreed to be politically unrealistic, and hence a political estimate was avoided in order to achieve a clear-cut economic estimate. We believe that this paper establishes a necessary foundation for decisions on current East-West trade policy, but it certainly does not answer all the important questions that have to be answered. The State Department may raise the question of a political estimate.

3. ONI believes that a separate Conclusion should be devoted to shipping, and will probably raise this matter at the IAC meeting. Other agencies do not feel the need for such a conclusion, but would not oppose it. However, other agencies would require in any such conclusion the substance of a certain passage in 34, from which ONI may dissent; therefore, no conclusion acceptable to all parties could be framed.

4. ONI's possible dissent on paragraph 34 (and on the Conclusion) grows out of ONI's different view of the capabilities of the Bloc transportation systems, especially those of Communist China. This opinion produced ONI footnotes in SE-37 on the China blockade; it will almost certainly do so again in this paper.

106  
1953

25X1

*Memorandum for DCI*

SECRET

Approved For Release 2005/08/22 : CIA-RDP79R00904A000100040085-6

25X1

- 2 -

5. ONI also has a reservation on the last sentence of paragraph 22. Except for these differences, the agency representatives agreed on the text here presented. There was some disposition to include footnotes or paragraphs calling attention to the special tenuousness of economic data respecting the USSR. We think that the present annexed Note on Evidence takes care of these questions; in any case, O/NE, O/RR, and OIR do not consider the evidence supporting this paper to be notably inferior to the evidence supporting most of our estimates, and would not wish to see any more emphatic statement on the matter than that in the Note already appended.

[Redacted]  
Acting Assistant Director  
National Estimates

25X1

Approved For Release 2005/08/22 : CIA-RDP79R00904A000100040085-6

25X1